



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY


WASHINGTON, D.C. 20460

MAR 05 2012

OFFICE OF
SOLID WASTE AND
EMERGENCY RESPONSE

MEMORANDUM

SUBJECT: Report to EPA Senior Management on the Activities of the Special Accounts Senior Management Committee in 2011

FROM: James E. Woolford, Director 
Office of Superfund Remediation and Technology Innovation

TO: Mathy Stanislaus, Assistant Administrator
Office of Solid Waste and Emergency Response

Cynthia Giles, Assistant Administrator
Office of Enforcement and Compliance Assurance

Barbara Bennett, Chief Financial Officer
Office of the Chief Financial Officer

Judith Enck, Regional Administrator
Region 2

Gwendolyn Keyes Fleming, Regional Administrator
Region 4

On behalf of the Special Accounts Senior Management Committee (SASMC), I am providing this report on the activities of the SASMC for calendar year 2011 in accordance with the charter establishing the SASMC.¹ This report covers activities of the SASMC from January 1, 2011 through December 31, 2011.

Background

The Superfund program is responsible for identifying and cleaning up abandoned hazardous waste sites. As part of EPA's "enforcement first" policy, the Agency pursues responsible parties requiring them to conduct or finance cleanups. Potentially responsible parties (PRPs) may finance cleanups by entering

¹ The charter establishing the Special Accounts Senior Management Committee can be found at:
<http://intranet.epa.gov/osrti/topics/pdf/FinalSignedCharterforSFSpecialAccountsSrMgmtCommittee.pdf>

Internet Address (URL) • <http://www.epa.gov>

into a settlement concerning a site with EPA who then deposits the settlement funds into a special account for use at that site, as permitted under CERCLA section 122(b)(3).

Special accounts are site-specific, interest bearing sub-accounts within the Superfund Trust Fund used to fund site-specific work. The Agency's goal for the establishment and use of special accounts is to ensure responsible parties pay for cleanup by providing PRP settlement dollars to fund future response work. Through the use of special accounts, appropriated Trust Fund resources can be conserved for sites where PRP resources are not available. Multiple offices in the regions and Headquarters have responsibility for the establishment and management of special accounts.

The establishment, planning, and use of special accounts require extensive coordination among the regions and Headquarters offices. In order to further improve management, transparency, and accountability among the offices involved with special accounts, the SASMC was officially established in April 2009 by the leaders of the Office of Solid Waste and Emergency Response (OSWER), Office of Enforcement and Compliance Assurance (OECA), Office of the Chief Financial Officer (OCFO), Region 7 (Superfund Lead Region), and Region 8 (Management Lead Region).

Current members of the SASMC are the Directors for OSWER's Office of Superfund Remediation and Technology Innovation (OSRTI), OECA's Office of Site Remediation Enforcement (OSRE), OCFO's Office of Financial Management (OFM), Office of Budget (OB), and Office of Financial Services (OFS), the Region 2 Emergency and Remedial Response Division, and the Region 4 Office of Policy and Management. The Director of OSRTI serves as the Chair of the Committee.

Status of Special Accounts

At the end of FY 2011, a balance of \$1.8 billion was available in 992 open site-specific accounts (see Attachment 1). More than \$1.9 billion has been disbursed to finance site response actions and over \$287 million has been obligated but not yet disbursed from special accounts. In FY 2011, \$303 million was disbursed from special accounts, an increase of more than 40% from amounts disbursed in FY 2010 from special accounts.

Summary of 2011 Activities

The SASMC is responsible for overall oversight and management of special accounts. In calendar year 2011, the SASMC monitored the status of special accounts and ensured that each member office fulfilled its responsibilities under the Superfund Special Accounts Management Strategy.²

The SASMC meetings provide a venue for senior managers to meet face-to-face to discuss and resolve issues related to special accounts. The SASMC met on August 2, 2011 and the normally scheduled December meeting was held on January 12, 2012 to accommodate schedules. Topics that were discussed at these meetings include the establishment of special accounts for sites being addressed under Resource Conservation and Recovery Act (RCRA) authorities, using funds in special accounts for the Agency for Toxic Substances and Disease Registry (ATSDR) to conduct public health assessments, identifying potential impacts to special account resources from EPA's Financial System Modernization

² The Superfund Special Accounts Management Strategy for 2011-2012 was issued February 7, 2011 and can be found at: <http://www.epa.gov/compliance/resources/policies/cleanup/superfund/sa-manage-strategy-11-12.pdf>

Project (FSMP), and strategies to improve the management and utilization of special accounts. OSRTI prepared meeting notes and action items.³

OIG Reports & GAO Investigation

The OIG released their final report, “Improved Management of Special Accounts Will Make More Funds Available For Clean-Ups”, in March 2009. On June 24, 2011, the SASMC completed recommendation 1(f), which required EPA to re-evaluate funds in the Beede Waste Oil, Thermo Chem, and Stringfellow special accounts. All recommendations from the OIG’s 2009 report are now closed.

In October 2010, the Government Accountability Office (GAO) initiated a review of special accounts in response to a request made by Senator Inhofe. In 2011, staff responded to requests from GAO in a timely manner, and held a number of conference calls with GAO to answer their questions. GAO provided EPA the Statement of Facts for their special accounts review on October 21, 2011, and EPA provided comments to GAO at the exit conference on November 3, 2011. GAO’s draft report, “EPA Has Taken Steps to Improve Its Management and Oversight of Special Accounts,” (GAO-12-109) was provided to EPA on December 9, 2011. Due to GAO’s acceptance of many of EPA’s comments on the Statement of Facts, EPA provided minimal comments to GAO on the draft report on December 22, 2011. GAO issued the final report on February 17, 2012, which did not have any recommendations for EPA.

Monitoring Special Accounts

In accordance with the Monitoring Plan for Special Account Planning Data, regional work planning and mid-year review sessions of planned uses for available special account funds were conducted in FY 2011. OSRTI and OSRE updated the Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) Instruction Guide for Entering Planning Data in the Special Account Management Screen in February 2011 and June 2011 to improve the quality of planning data entered in CERCLIS and address issues identified in previous data reviews.

The SASMC received analysis and briefings in August 2011 and January 2012 on the regions’ plans for using special accounts and provided direction to staff for further analysis and monitoring. Areas of particular focus by Headquarters during planning data reviews in 2011 included: accounts 10 years old or more, accounts with more than \$10 million available, and accounts with less than 30% utilization, as well as use of specific planning fields such as the “Other” field.⁴

OCFO’s Cincinnati Finance Center (CFC) conducted reviews of special accounts with negative balances and notified regions of corrective actions required to address the negative balances in April and September 2011. CFC will continue to conduct reviews of special accounts with negative balances on a quarterly basis.

Reclassifications and Transfers to the Trust Fund

In 2011, OSRTI monitored the accomplishment of reclassifications and transfers to the Trust Fund and found that in FY 2011 the total number of accounts and dollar amounts reclassified and transferred to

³ The agenda and meeting materials can be found on OSRTI’s Special Account intranet page at: http://intranet.epa.gov/osrti/topics/special_accounts.html

⁴ A summary of the analysis conducted can be found on OSRTI’s Special Account intranet page under the “Special Accounts Work Planning and Mid-Year Reviews” section at: http://intranet.epa.gov/osrti/topics/special_accounts.html

the Trust Fund, and accounts closed, increased from FY 2010 to FY 2011. In FY 2011, more than \$72 million was reclassified in 37 accounts, \$5.1 million of receipts were transferred to the Trust Fund in 21 accounts, and \$2.3 million of interest earned was returned to the Trust Fund in 46 accounts. OSRTI and OSRE reviewed a total of 71 accounts with a special account reclassification, transfer to the Trust Fund, and/or closure in FY 2011. OSRTI provided to the regional Superfund Division Directors and the SASMC quarterly status reports of the plans and accomplishments for these actions in FY 2011.

OSRTI, OSRE, and OFM jointly issued the “Model Notifications for Milestone Special Account Transactions,” on April 22, 2011. This document provided sample notifications regions can use for notifying Headquarters of reclassifications, transfers to the Trust Fund, and account closures. It also provided regions the option to notify Headquarters via email of actions less than \$200,000, rather than a formal memorandum signed by the regional Superfund Division Director for actions below \$200,000. Of the 71 accounts reviewed in FY 2011 for reclassification, transfer to the Trust Fund, and account closure actions, Headquarters was notified via email for 38 of them. In addition, OSRTI worked with SASMC staff to provide to the regions the “Reclassification Fact Sheet” and the “Closeout Checklist Fact Sheet” on June 16, 2011 to further help conduct these actions.

The SASMC did not change the policy for recertifying funds made available from special account reclassifications for FY 2012. However, the SASMC did agree to revise the policy in FY 2013. The policy in FY 2013 will be that funds in the Superfund Remedial and Superfund Emergency Response and Removal programs made available as a result of a special account reclassification will be recertified 75% to the respective national pools, and 25% will be recertified to the RPIO that executed the original expenditure.

Reporting Special Account Information Publicly

The SASMC committed to report special account financial and planning information in a public, transparent manner in response to the OIG and congressional requests. Special account financial and planning information was released with the FY 2012 President’s Budget and EPA Annual Performance Plan and Congressional Justification on February 14, 2011.⁵

Communication, Training and Outreach

Staff of the SASMC provided updates and answered questions pertaining to special accounts at the Budget Technical Workshop in April 2011 and the National Special Accounts Meeting and Cost Recovery Conference in June 2011. OSRTI and OSRE provided region-specific special accounts training to Region 7 in February 2011 and Region 3 in July 2011, at the request of those regions.

Bi-monthly national conference calls were held to ensure regional and Headquarters staff coordinated on issues and information was shared among special account contacts. Staff of the SASMC held conference calls in 2011 on a monthly basis to coordinate and provide transparency among offices on activities related to the management of special accounts.

Staff of the SASMC also coordinated on a response sent in June 2011 to questions from Senator Inhofe on the unobligated balance in the Superfund Trust Fund at the end of FY 2010. The majority of the unobligated balance in the Superfund Trust Fund is available special account funds.

⁵ The status of special accounts at the end of FY 2010 can be found on pages 1109-1110 of the EPA FY 2012 Congressional Justification at: http://www.epa.gov/ocfo/budget/2012/fy_2012_congressional_justification.pdf

Guidance Documents

In 2011, the SASMC developed the following documents to improve special account management:

- Special Accounts Management Strategy for 2011-2012 (February 7, 2011);
- Model Notifications for Milestone Special Account Transactions (April 22, 2011);
- Special Accounts Frequently Asked Questions Database (June 2011);
- Reclassification Fact Sheet (June 16, 2011); and,
- Closeout Checklist Fact Sheet (June 16, 2011).

Upcoming Activities in 2012

In 2012, activities of the SASMC will include:

- Respond to inquiries on Superfund special accounts;
- Issue to regional Superfund Division Directors updated management practices and policies to improve EPA's management and use of special accounts;
- Update the Monitoring Plan for Special Accounts Planning Data;
- Continue discussions regarding the use of Superfund special accounts to support corrective action at facilities undergoing response pursuant to RCRA;
- Monitor accomplishment of planned reclassifications, transfers to the Trust Fund, and account closures;
- Monitor negative balances in special accounts and identify corrective actions to address;
- Begin the process to update the Superfund Special Accounts Management Strategy for 2013-2014;
- Issue the Financial Management of Special Accounts chapter in OCFO's Resource Management Directive for Superfund;
- Issue the recertification policy for funds made available from special account reclassifications for FY 2012 and FY 2013; and,
- Monitor plans for utilizing special account funds.

Conclusion

The establishment of the SASMC has focused the Agency's management of special accounts by opening up lines of communication among all of the Offices that play a critical role in the Agency's management of this important resource. The structure of the SASMC also ensures that senior managers remain focused on this resource and work to ensure efficient and appropriate use of special account funds. We look forward to continuing to work together in 2012 and anticipate more improvements in the Agency's management of special accounts in the future.

If you have any questions or concerns regarding this report, please feel free to contact me at (703) 603-8722 or woolford.james@epa.gov, or you may discuss with your office's representative(s) to the SASMC.

Attachment

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 Suzanne Rudzinski, OSWER/ORCR
 Superfund National Policy Managers, Regions 1-10

Appendix D

Appendix A: Activities in 2012

In 2012, activities in the SARA/MC will include:

- Respond to inquiries on Superfund special accounts;
- Issue to regional Superfund Division Division updated management for action and policies to improve SARA's management and use of special accounts;
- Update the following plan for Special Accounts Planning (SAP);
- Continue discussion regarding the use of Superfund special accounts in Superfund corrective action at facilities undergoing response pursuant to RCRA;
- Advance development of planned technical support materials to the field and account closure;
- Address negative balances in special accounts and identify corrective action to address;
- Begin the process to update the Superfund Special Accounts Management Strategy for 2012-2014;
- Issue the Financial Management of Special Accounts chapter of the EPC's Resource Management Directive for Superfund;
- Issue the restoration policy for funds made available from special accounts;
- Re-evaluate the EPC's 2011 and FY 2012 and
- Monitor plans for ongoing special account funds.

Conclusion

The establishment of the SARA/MC has focused the Agency's management of special accounts by focusing on areas of communication among all of the Office's staff, a consistent role in the Agency's management of the account resources. The structure of the SARA/MC also ensures that account resources remain focused on this account and work to ensure efficient and appropriate use of special account funds. We look forward to continuing to work together in 2012 and anticipate more opportunities for the Agency's management of special accounts in the future.

If you have any questions or comments regarding this report, please feel free to contact me at (703) 603-8722 or wendy@epa.gov, or you may discuss with your office's representative in the SARA/MC.

Attachment

1. Draft Report (SARA/MC)
 2. Draft Report (SARA/MC)
 3. Draft Report (SARA/MC)

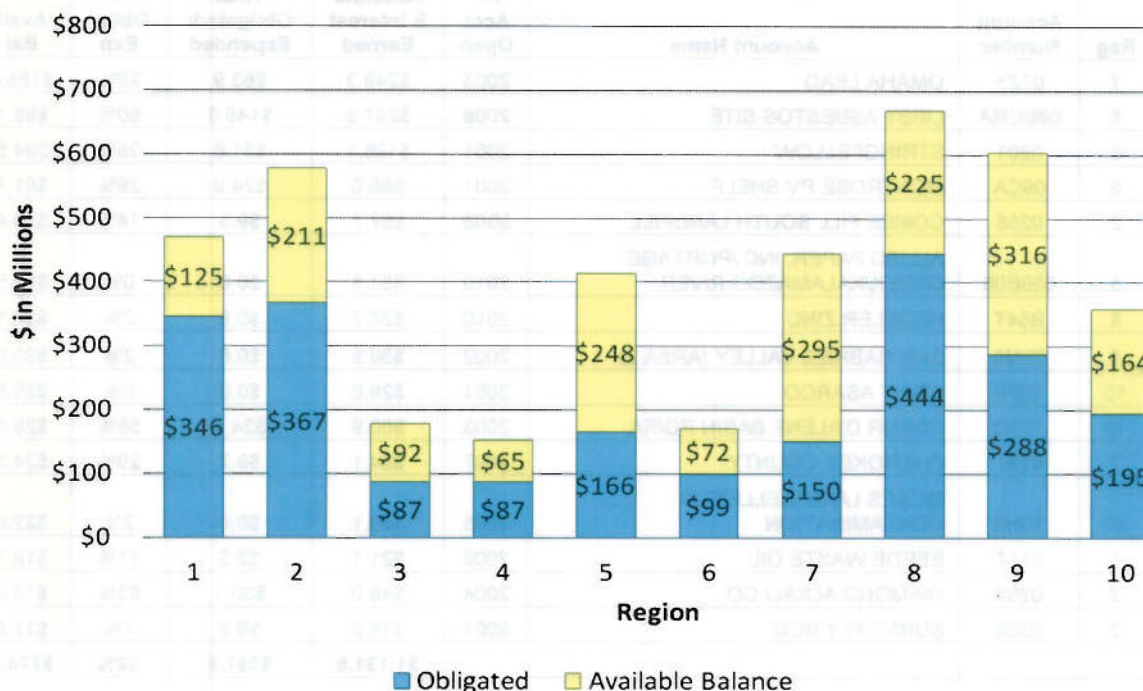
Attachment 1

National Status of Special Accounts (as of October 3, 2011)

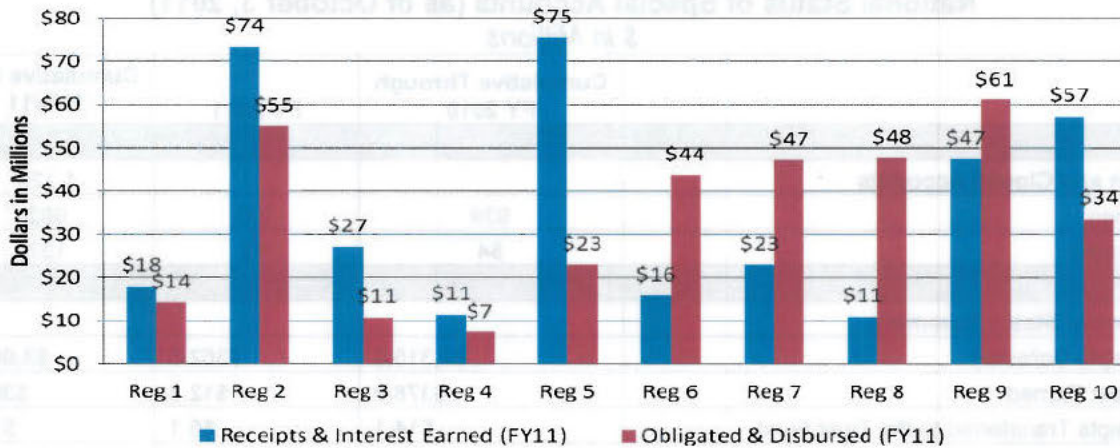
\$ in Millions

	Cumulative Through FY 2010	FY 2011	Cumulative thru 10/3/11
Open and Closed Accounts			
Open	939	106	992
Closed	84	53	137
Financial Status Summary			
Receipts Collected	\$3,315.8	\$352.3	\$3,668.1
Interest Earned	\$378.6	\$12.8	\$391.4
Receipts Transferred to the Trust Fund	\$14.1	\$5.1	\$19.3
Disbursements	\$1,638.5	\$303.1	\$1,941.6
Unliquidated Obligations	\$246.6	\$40.5	\$287.1
Available Balance	\$1,795.2	\$16.3	\$1,811.5
Reclassifications			
Total Reclassifications Planned	N/A	\$79.5	-
Reclassifications Accomplished	\$131.3	\$72.5	\$203.9
Funds Made Available for Appropriation			
Transfers Planned	N/A	\$10.4	-
Receipts Transferred	\$14.1	\$5.1	\$19.3
Interest Reduced	\$5.0	\$2.3	\$7.4

Regional Special Account Utilization (Program to Date)



SA Receipts & Obligations/Disbursements in FY 2011



Composition of Open Special Accounts by Amount Available

Available Balance	No. of Accounts		Sum of Available Balance		Sum of Obligations	
Greater than \$10 Million	34	3%	\$1,022,323,388	57%	\$506,823,318	25%
Between \$5M and \$10M	28	3%	\$203,358,102	11%	\$261,810,984	13%
Between \$2M and \$5M	92	9%	\$281,798,058	16%	\$399,286,021	19%
Between \$1M and \$2 Million	84	8%	\$117,801,663	7%	\$163,542,767	8%
Between \$500K and \$1 Million	139	14%	\$99,049,981	5%	\$196,825,852	10%
Between \$250K and \$500K	132	13%	\$46,490,958	3%	\$68,894,715	3%
Between \$25K and \$250K	329	33%	\$36,425,310	2%	\$258,419,865	13%
Less than \$25K	154	16%	\$614,762	0%	\$202,442,960	10%
Total	992		\$1,807,862,223		\$2,058,046,481	

Special Accounts with the Most Available (Top 15)

\$ In Millions

Current Rank	Last Qtr Rank	Reg	Account Number	Account Name	FY Acct Open	Receipts & Interest Earned	Total Obligated/ Expended	% Oblig/ Exp	Avail Bal	% Planned in CERCLIS
1	1	7	07ZY	OMAHA LEAD	2003	\$249.3	\$63.9	26%	\$185.4	Exemption 5 - Deliberative Proc
2	2	8	08BCRA	LIBBY ASBESTOS SITE	2008	\$247.9	\$149.8	60%	\$98.1	
3	3	9	0901	STRINGFELLOW	2001	\$126.1	\$31.6	25%	\$94.5	
4	4	9	09CA	MONTROSE PV SHELF	2001	\$86.0	\$24.9	29%	\$61.1	
5	5	2	0256	COMBE FILL SOUTH LANDFILL	2006	\$67.7	\$9.3	14%	\$58.4	
6	6	5	059B06	ALLIED PAPER, INC./PORTAGE CREEK/KALAMAZOO RIVER	2010	\$51.5	\$0.0	0%	\$51.5	
7	84	5	B54T	HEGELER ZINC	2010	\$37.7	\$0.6	2%	\$37.1	
8	7	9	09M5	SAN GABRIEL VALLEY (AREA 2)	2002	\$30.5	\$0.6	2%	\$30.0	
9	8	10	10F9	CB/NT ASARCO	2001	\$29.6	\$0.0	0%	\$29.6	
10	9	10	102Q	COEUR D'ALENE BASIN RD/RA	2003	\$60.9	\$34.1	56%	\$26.9	
11	10	7	0737	CHEROKEE COUNTY	1997	\$34.1	\$9.7	29%	\$24.3	
12	11	10	10H9	MOSES LAKE WELLFIELD CONTAMINATION	2005	\$23.1	\$0.5	2%	\$22.6	
13	12	1	011T	BEEDE WASTE OIL	2002	\$21.1	\$2.3	11%	\$18.7	
14	62	2	0296	DIAMOND ALKALI CO.	2004	\$48.0	\$30.1	63%	\$18.0	
15	14	2	0208	BURNT FLY BOG	2001	\$18.0	\$0.2	1%	\$17.8	
Totals						\$1,131.6	\$357.6	32%	\$774.0	